

# [I the uncertainty which can be overcome by](https://assignbuster.com/i-the-uncertainty-which-can-be-overcome-by/)

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Iagree that considering cultural difference is important for internationalmarketing. Culture is the sum of values, rituals, symbols, beliefs and thought process thatare learned and shared by a group of people, then transmitted from generationto generation. When a business starts to globalize, the first thing to consideris the cultural difference. A key to gain success in international business isto understand the role of culture. Cultural difference will have a directimpact on every sector being operated. For example, in western culture, bridetraditionally wear white dresses at their wedding, but in  China, Korea and some other Asian countrieswhite represent death, mourning, and bad luck, and is traditionally worn atfunerals.

So business introducing white bridal dresses in those countries definitelywould not get business revenues. Having a diverse workforce will help companies toeasily study the cultural difference. Diversity is a mix of people within a workforce who are considered to be, insome way, different from those in the prevailing constituency. In a workplace, diversity is anopportunity and a challenge. Different perspectives allow work teams to discussmore options to achieve better results. 1.

Controllableand uncontrollable elements are important when going international. How these elementsimpact international marketing? Answer:                                                                                                        Internationalmarketing is the performance of business activities designedto plan, price, promote, and direct the flow of a company’s goods and servicesto consumers or users in more than one nation for a profit. While makingbusiness international company needs to look at the marketing decision factors.

Marketing decision factors consists of controllable and uncontrollable elements. Marketers can control the Controllable elements are ControllableElements: Such elements which are under control of marketing managers arecalled controllable factors. These elements are often known as ‘ marketing mix’. It includes product, price, place, promotion, firm characteristics and research. UncontrollableElements: For International Marketing the uncontrollable elements are furtherdivided into domestic and foreign environments. These are the uncertainty whichcan be overcome by doing evaluation and adapting the change as necessary.

Domestic environment uncontrollable includehome country elements that can have a direct effect on the success of a foreignventure: political and legal forces, economic climate, and competition. ·      A politicaldecision involving domestic foreign policy can have a direct effect on a firm’sinternational marketing success. For example, the U. S.

government placed atotal ban on trade with Libya to condemn Libyan support for terrorist attacks, imposed restrictions on trade with South Africa to protest apartheid, andplaced a total ban on trade with Iraq, whose actions were believed toconstitute a threat to the national security of the United States and itsallies. In each case, the international marketing programs of U. S.

companies, whetherIBM, Exxon, or Hawg Heaven Bait Company, were restricted by these political decisions. The U. S. government has the constitutional right to restrict foreign trade whensuch trade adversely affects the security or economy of the country or whensuch trade is in conflict with U.

S. foreign policy.·      The domesticeconomic climate is another important home-based uncontrollable variable withfar-reaching effects on a company’s competitive position in foreign markets. The capacity to invest in plants and facilities, either in domestic or foreignmarkets, is to a large extent a function of domestic economic vitality. It isgenerally true that capital tends to flow toward optimum use; however, capitalmust be generated before it can have mobility. Furthermore, if internaleconomic conditions deteriorate, restrictions against foreign investment andpurchasing may be imposed to strengthen the domestic economy. ·      Competitionwithin the home country can also have a profound effect on the international marketer’stask.

For more than a century, Eastman Kodak dominated the U. S. film market andcould depend on achieving profit goals that provided capital to invest in foreign markets. Without having to worry about the company’s lucrative base, management had thetime and resources to devise aggressive international marketing programs. However, the competitive structure changed when Fuji Photo Film became aformidable competitor by lowering film prices in the United States, opening a$300 million plant, and soon gaining 12 percent of the U. S.

market. Since then, the acceptance of digital photography, with Canon, from Japan, leading themarket, has further disrupted Kodak’s domestic business. As a result, Kodak hashad to direct energy and resources back to the United States.

Competitionwithin its home country affects a company’s domestic as well as international plans. Inextricably entwined with the effects of the domestic environment are the constraintsimposed by the environment of each foreign country. In addition to uncontrollable domestic elements, asignificant source of uncertainty is foreign environment uncontrollable. A businessoperating in its home country undoubtedly feels comfortable in forecasting thebusiness climate and adjusting business decisions to these elements. Theprocess of evaluating the uncontrollable elements in an international marketingprogram, however, often involves substantial doses of cultural, political, andeconomic shock. The more significant elements in the uncontrollable internationalenvironment include political/legal forces, economic forces, competitive forces, level of technology, structure of distribution, geography and infrastructure, and cultural forces.·      A businessoperating in a number of foreign countries might find polar extremes inpolitical stability, class structure, and economic climate critical elements inbusiness decisions.

The dynamic upheavals in some countries further illustratethe problems of dramatic change in cultural, political, and economic climatesover relatively short periods of time. A case in point is China, which hasmoved from a communist legal system in which all business was done with thestate to a transitional period while a commercial legal system develops. Inthis transitional phase, new laws are passed but left to be interpreted bylocal authorities, and confusion often prevails about which rules are still inforce and which rules are no longer applicable. ·      For example, commercial contracts can be entered into with a Chinese company or individual onlyif that company or person is considered a “ legal person.” To be a legal personin China, the company or person must have registered as such with the Chinesegovernment. To complicate matters further, binding negotiations may take placeonly with “ legal representatives” of the “ legal person.” So if your companyenters into negotiations with a Chinese company or person, you must ask forsigned legal documents establishing the right to do business. The formalitiesof the signature must also be considered.

Will a signature on a contract bebinding, or is it necessary to place a traditional Chinese seal on thedocument? Even when all is done properly, the government still might change itsmind. Coca-Cola had won approval for its plan to build a new facility toproduce product for its increasing Chinese market share. But beforeconstruction began, the Chinese parliament objected that Coca-Cola appeared tobe too successful in China, so negotiations continued delaying the project. Such are the uncertainties of the uncontrollable political and legal factors ofinternational business.·      Consider thelevel of technology and political/ legal forces as illustrations of theuncontrollable nature of the foreign environment. The level of technology is anuncontrollable element that can often be misread because of the vastdifferences that may exist between developed and developing countries.

Amarketer cannot assume that understanding of the concept of preventivemaintenance for machinery is the same in other countries as in the UnitedStates. Technical expertise may not be available at a level necessary forproduct support, and the general population may not have an adequate level oftechnical knowledge to maintain equipment properly. In such situations, amarketer will have to take extra steps to make sure that the importance of routinemaintenance is understood and carried out. Furthermore, if technical support isnot readily available, local people will have to be specially trained, or thecompany will have to provide support. 2.

Explainthe six types of non-tariff barriers and how it can benefit the infantcompanies and international companies. Answer: Tariffbarriers: